

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
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E.O. 11652: N/A
TAGS: ECON PFOR EG
SUBJ: SALEM GOVERNMENT FACES CONTINUING ECONOMIC PROBLEMS:
RENEWED FOCUS ON HOUSING

1. NEXT TO PRICES AND AVAILABILITIES OF CONSUMER GOODS,
SHORTAGE OF HOUSING FOR ALL CLASSES OF EGYPTIANS,
PARTICULARLY THE POORER CLASSES, IS ONE OF NATION'S
MOST SERIOUS PROBLEMS. GOE IS SHOWING INCREASED
AWARENESS OF THIS AND FROM TIME TO TIME HAS PUBLISHED
DETAILS OF ITS PLANS FOR MORE, BETTER- CONTROLLED HOUSING,
ESPECIALLY FOR LOW AND MIDDLE INCOME GROUPS. IN THIS
CONNECTION, MINISTER OF RECONSTRUCTION AND HOUSING
HASSAN RECENTLY TESTIFIED AT PEOPLES ASSEMBLY IN FAVOR OF LEGIS-
LATION TO REGULATE AVAILABLE HOUSING MORE CLOSELY, ESPECIALLY
TO PREVENT OWNERS FROM EVADING RENT CONTROL BY LEAVING
A FEW STICKS OF FURNITURE IN FLATS AND RENTING THEM AS FURNISHED
AND THUS EXEMPT FROM CONTROLS, OR
DEMANDING EXHORBITANT KEY MONEY PAYMENTS FOR LOW-RENT APARTMENTS,
VOLUME OF REPORTING ON HASSAN TESTIMONY INDICATES,
PREDICTABLY, THAT HOUSING PROBLEM STILL VERY MUCH ON MOST
PEOPLE'S MINDS.

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2. IN ADDITION TO HIS STATEMENTS ABOUT NEW
REGULATORY LEGISLATION, HASSAN ASSURED COMMITTEE THAT
GOVERNMENT WOULD PROVIDE ADEQUATE BUILDING MATERIALS
TO SUPPORT ALL RECONSTRUCTION PLANS WHICH HAVE BEEN
APPROVED. HE ALSO MENTIONED THAT SEVENTY PERCENT OF
NEW HOUSES WHICH GOE WILL BUILD WILL BE FOR LOW- AND
MIDDLE - INCOME GROUPS. TOTAL PLANNED EXPENDITURE FOR

HOUSING IN 1977 WILL REACH, MINISTER PREDICTED, LE 700 MILLION.

3. EARLIER ON FEBRUARY IN NATION-WIDE ADDRESS PRESIDENT SADAT REITERATED PROMISE THAT OWNERSHIP OF LOW INCOME HOUSING WOULD EVENTUALLY REVERT TO OCCUPANTS. PRIME MINISTER MADUH SALEM ALSO JOINED CHORUS OF REASSURANCE THAT HOUSING SITUATION HAS PRIORITY ATTENTION BY STATING FEBRUARY 7 THAT 34,000 HOUSING UNITS WOULD BE COMPLETED IN 1977, 14,000 IN CANAL CITIES AND 20,000 IN CAIRO AND ALEXANDRIA.

4. COMMENT: MOST CAIRINES VIEW HASSAN'S ASSURANCES ON RENT CONTROL AND PENALTIES FOR KEY DEMANDING MONEY WITH LITTLE CONFIDENCE. AS LONG AS THERE IS NOT ENOUGH HOUSING TO GO AROUND, THEY OBSERVE, ONE MUST PAY WHAT IS NECESSARY TO GET SUITABLE APARTMENT. COMPLETION OF 34,000 HOUSING UNITS AS ANNOUNCED BY PRIME MINISTER WILL HARDLY MAKE A DENT IN TIGHT HOUSING SITUATION. ONE OF MANY PROBLEMS IN THIS SECTOR IS CONTINUING RENT CONTROLS, WHICH ARE NECESSARY EVIL, GIVEN LOW WAGE SCALE. PRIVATE SECTOR, WHICH PROBABLY HAS RESOURCES TO CONSTRUCT LARGE SCALE LOW AND MIDDLE INCOMING HOUSING PROJECTS, WILL NOT CONSIDER INVOLVEMENT DUE TO LOW RATE OF INVESTMENT RETURN.
EILTS

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